WORLD CHRONICLE

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PROGRAMME: "WORLD CHRONICLE"

GUEST: Mahbub ul Haq, Special Advisor to the Administrator of the U.N. Development Programme

JOURNALISTS: Paul Lewis, The New York Times
Bhaskar Menon, PTI-TV, India
Robert Cohen, Latin America Feature Service

MODERATOR: Michael Littlejohns

SYNOPSIS

Mahbub ul Haq, former Minister of Planning and Finance of Pakistan, currently Special Advisor to the Administrator of the United Nations Development Programme, discusses the Agency's new report which ranks 130 countries according to the degree of their success in human development. Dr. Haq suggests that high income alone is no guarantee of human development. Success depends on whether or not countries manage growth in the interest of the broadest number of people.

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VOICE From United Nations Headquarters in New York, this is World Chronicle, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's World Chronicle.

LITTLEJOHNS: I'm Michael Littlejohns and this is WORLD CHRONICLE.

A new report prepared by the United Nations Development Programme ranks the development of 130 countries not merely by their gross national product, but by a combination of criteria that measure the quality of people's lives as well as their income. The report provides a fresh look at the human dimensions of development and challenges national leaders to map out new policies to meet human needs in the 1990s.

Our guest today, Mahbub ul Haq of Pakistan, is former Minister of Planning and Finance of Pakistan and now Special Advisor to the Administrator of the United Nations Development Programme. He's the chief author of the human development report. Dr. Haq will be interviewed here at United Nations Headquarters in New York by: Paul Lewis of The New York Times; Bhaskar Menon of PTI-TV of India; and Robert Cohen of the Latin America Feature Service.

Dr. Haq, welcome to WORLD CHRONICLE.

LITTLEJOHNS: Dr. Haq this report, Human Development 1990, is surely likely to cause quite a lot of controversy in part because you single out some countries for praise and so to speak you demolish some others. In the first instance, I wonder why Japan, which has a rather rigidly structured society and

some people might think is perhaps not a model of domestic freedom in some respects, was chosen as the sort of benchmark by which all other countries are to be judged?

HAQ: Let me say first of all that it is not our purpose to demolish certain countries and applaud others. Our purpose is to see how economic growth and income translate into human development. Now the human development index that we have given in the report is admittedly a partial one. At this stage, it measures life expectancy, literacy and access to a whole range of goods and services which are part of a decent living standard. It does not measure yet, though we hope that we shall be able to evolve it over time to measure human freedom, freedom of choice, both economic choices and political choices and social choices. Now Japan comes out on top because it has the highest life expectancy and literacy and certainly a basic income, enough to have a decent living standard. I think as we include more and more choices the rankings might change. Let me say also that our purpose basically here is not to rank so much the developed countries as to see the experience of developing countries because there are many developing countries which have very limited incomes. The question is, can they at modest incomes still get high levels of human development? Now some countries have managed to do that like Sri Lanka, like Costa Rica, like Jamaica or Thailand and it's interesting to find out how is it that they were successful in getting such high levels of literacy and life expectancy and nutrition and health and so on despite the modesty of the incomes while other countries fail to do so.

LITTLEJOHNS: You mentioned Sri Lanka, Dr. Haq. I mean Sri Lanka certainly has a very high literacy rate but at the same time it's been suffering from incredible violence for quite a long time, surely that is not exactly a model for human development?

HAQ: Well, Sri Lanka has a per capita income of $400, its life expectancy is about 71 years, its literacy rate is about 89%, its infant mortality is very low at 32 per 1,000, it is really in the rank of many industrialized countries so far as these indicators go. Do they have any relation with the ethnic violence that is going on in Sri Lanka? We analyzed some of this in the report and we feel that in Sri Lanka same populations have lived together for a very long time, harmoniously, and at that time when there's a high level of social spending and there were major food subsidies, particularly rice, and there was an invisible bond between people and the government and between people themselves; come the 1980s, Sri Lanka's growth rate goes up but the income distribution deteriorates, the social spending goes down, the rice ration is modified, it doesn't reach the people, and suddenly a sense of grievance comes up, and what we are suggesting here is that if social safety nets, which are very necessary in these countries, they are taken away just as social security schemes in industrial countries are taken away, without substituting something for them there might be a great deal of disturbance and that is the experience of Sri Lanka and some other societies.

LEWIS: Can I ask you Dr. Haq what is the sort of main kind of message of this report for development policy makers because it comes at a time when there is something of a crisis in development policy, when we hear a lot about the lost decade of the '80s, when it seems that a lot of development efforts have gone wrong, when poverty is increasing in many developing countries so I'm wondering if you have any new lessons now for development policy makers?

HAQ: I think the main message is that development works. We are so used to stories of gloom and doom that I think it is good to see sometimes what all the economic

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growth has meant for the people and if we look at it that way, over the last 30 years the life expectancy in the developing world has gone up by 16 years so now there are four billion people today in the developing world with the prospect of living 16 years longer than their parents did only 30 years ago. Lives which have more education, lives which could be hopefully more productive, there's a whole human capital that has been built up during this period -- literacy rates have gone up, nutrition rates have gone up. I think what it shows is that if we target the priorities right and put people at the centre of development and those societies which did that came out way ahead and it's a tribute both to their policies as well as to international co-operation. Now that doesn't mean that foreign assistance is no longer needed because developing countries have done so well, this is a message of hope in the midst of all the gloom. It is true that this story could have been even better if we had not lost so much in the 1980s and what we need to do now is to revive growth rates and revive the march towards investment in people and human development. There's a tremendous backlog of human deprivation still and it will need a good deal of investment in the 1990s within the countries and from outside.

LEWIS: Exactly, but nevertheless I wonder whether there isn't a danger that this rather optimistic message if you like will cause people to ease up in their aid efforts?

HAQ: Oh, I hope it doesn't. I hope it is used to persuade reluctant legislatures that their aid efforts have really worked, that they were partners in this story of increasing life expectancy, literacy rates, nutrition levels, that it meant something for real people and if they see that even now there are a billion people in absolute poverty, there are about 900 million people without literacy, there are about 1.8 billion people without safe drinking water, there are about

800 million people who go hungry every night, despite all this progress, then there is an agenda for the 1990s and what it shows is that agenda will not take limitless resources. It is manageable, it will take modest investments so long as the priorities are well chosen by the developing countries and so long as assistance from outside is also properly targeted.

MENON: Dr. Haq, as you know this particular index has not been requested by any government, this is an initiative of the UN Development Programme, could you tell me why this initiative comes at the time that it does and what possible impact you think it might have on the sharing of the international aid package?

HAQ: Let me say first of all that the mandate for any intellectual inquiry is really joining a professional debate on development issues. The reason that we need this focus on human development today is that there has been a concern about this lost decade, how much have we lost and the human costs and social costs are quite heavy also. There is a concern today that are we ready with the human capital, particularly in Africa and Asia, to absorb the financial capitals and provide employment opportunities. There is a concern today whether economic opportunities are taken to the people, or whether people will go to economic opportunities because migration has started. 14 million people in the last decade moved, not because of any force, but in search of economic opportunities and there is also I think concern today that people are taking over their destiny in their own hands. Look at what's happening in Eastern Europe, in South Africa, in Nepal, everywhere. There is a certain wave of human freedom, a certain surge for participatory development and a certain concern that if people are neglected then whatever the pace of

economic growth, if it is not reaching them, if they are not participating in it, if they are not benefitting from it, then there will be a rising grievance and violence all over.

MENON: You didn't actually answer the second part of my question which is what impact do you think this will have on how aid is distributed because I can see if an aid donor looks at this list and he says, well Jamaica is a high human development country, cross that off my list, what does that do to the Jamaican economy which is in shambles?

HAQ: I think we have to see here the link between economic growth and human development. Often in the search for human development people start denying the validity of economic growth. That is wrong. You do need economic growth in order to get the income and the resources for human development levels. We bring out in this report countries -- particularly Jamaica -- which put a lot of money in education, health, housing, social sectors and obtained high levels of human development and then since economic growth could not continue, could not be sustained, there was not that nourishment available, the human development levels themselves came under pressure. So Jamaica, many of these countries, need continued growth now and will need continued growth in the decades to come in order to see that the human development levels are sustained.

LITTLEJOHNS: The programme is **WORLD CHRONICLE**. Our guest is Mahbub ul Haq, Special Advisor to the Administrator of the United Nations Development Programme.

COHEN: Dr. Haq, how do you reconcile or do you attempt to reconcile a development strategy that attempts to place people, the human dimension, at the very centre of the development process and a renewed international priority or a

fashion of free market doctrines combined with adjustment policies whose austerity programmes imply cutbacks in subsidies, in social welfare programmes etc.? It seems that you're at odds with at least what are the predominant trends today.

HAQ: Well, I don't believe that free market strategies are inconsistent with people-focused development because in fact the heart of the free market strategies is that let us give people a chance. It is not the states that should be deciding all the premises of development, it should be done with the participation of the people -- in the marketplace, in the parliaments, in social and community participation and so on, so I do not think that this is at odds with the times. I think it's a question of each society deciding for itself as to how their economic activities are going to be organized and the private and public sector debate should not be looked at ideologically but only on one yardstick: does it increase production efficiently, does it distribute it equitably? I think it is understood by now that the purpose of government in many of the developing countries is to at least provide some of the social services. Some of these countries can do it in a community-based fashion -- education, health and housing and so on, they can do it with more participation of the private sector, it is up to them, but ultimately if these services are not there then national incomes can increase but human levels can diminish. We have seen this in Pakistan, in Brazil, in Nigeria, in many countries -- the rapid periods of economic growth but very little progress by way of high levels of literacy or health care or nutrition or life expectancy.

LITTLEJOHNS: The rich get richer and the poor get poorer in these countries, is that what you're saying?

HAQ: Well, the reasons that economic growth does not translate into high levels of human development are three: one that incomes are barely distributed; second that the social spending is meager -- two percent to four percent of GNP -- and third sometimes the social spending, even when it is there like in Brazil, it goes to modern curative facilities rather than to primary health care. Brazil spends 88% on urban modern hospitals and only 12% on primary health care for all so the priorities are not right, and our purpose in bringing out this analysis is just to put the lessons of experience in front of countries. It is for them to make the choices but at least the policy options and policy analysis should be available to them.

COHEN: If the priorities are upside down in a country like Brazil as you just mentioned wouldn't you also say the priorities have been backwards in the international lending agencies? How would you describe the record of the World Bank and the International Monetary Fund in terms of putting the human dimension at the centre of development? Critics say that it's been a very sorry record.

HAQ: Well, I can only say that it could have done better. I think the World Bank and IMF need to look at the human and social costs of adjustment policies. In the 1980s, certainly the countries had to adjust. If you have less resources budget deficits have to come down. You cannot continue to borrow that much, that is understood. What is important is how the budget deficits are brought down -- by cutting down military budgets, by cutting down inefficient parastatals, by cutting down subsidies to the elite or the cutting down of programmes of nutrition and health for the poor. My own experience as Planning and Finance Minister convinces me that within these systems there are powerful groups and when the budget squeeze is there it is the poor who cannot

defend their share of the budget paring. The powerful groups can, and surely it is one of the tasks of international institutions to weigh in in favour of the majority rather than a few.

LEWIS: Can I go back to your use of the word participation that you've been using a lot? Is one of the lessons of your report that democracy is really now to be seen as necessary for balance and successful economic development?

HAQ: I think democracy and participation are a very necessary part of human development. We are defining human development as enlarging human choices. Now, income and wealth are not unnecessary but they are only one of the human choices, they're not the sum total of human life. People want definitely personal security, they want community participation, they want political freedom, they want a number of things, including environmental safeguards. Now, surely if we take it in that light then people should decide, and they can only decide in a participatory democratic framework, so each country will choose its own form of democracy.

LEWIS: But do you think for instance that the lack of democracy over much of Africa could play some role in explaining that continent's rather disappointing economic performance recently?

HAQ: I think that may be part of it but these things are always interlinked. Often you find when countries have done well on the economic side if they have invested in their people, the same people demand more choices. In Eastern Europe there was a lot of investment in people over the last 30 years. In fact in our report it comes out that in education and health and other programmes they spent a lot, now the same people lack movements for liberation but if they are uneducated

people, if they are people who haven't had enough investment in them, then the scope for violence is much greater than for smoother transitions.

MENON: Dr. Haq, one of the things that I found remarkable about the report was that it didn't look at the whole scene, the world economy as a whole, in looking at the responsibilities for development. Now the record of the last 40 years shows quite clearly that even when a developing country wants to develop, wants to develop its human capital, it might be faced with a war. There have been something like 200 wars in the last 40 years and all these wars have been fuelled from abroad with money and with arms and that has had an enormous impact on retarding development and that element is missing entirely from the report. I wonder if you'd like to comment on that?

HAQ: I won't say it is missing I think we have been evenhanded in our analysis of both internal and external factors which lead to human development or to lack of it. We have pointed out that internally there's a major scope for restructuring of budget priorities in many developing countries. After all, in the last 30 years the military expenditures in the Third World have increased three times as fast as in the industrial countries. They are now 20% of the global military expenditures -- they used to be seven percent in 1960. 75% of the arms shipments today are to the Third World, they have eight times more soldiers than physicians in the Third World. Surely they must take responsibility for this. Maybe they have been used as pawns in the Cold War, maybe what they had was a different milieu but looking at the 1990s, aren't there opportunities here for some restructuring? We are talking about the peace process all the time between East and West. There's no peace process even being talked of at the moment within the Third World and yet they are spending $200 billion a

year on military expenditures which keep increasing by $15-$20 billion every year. Similarly there are other irrationalities -- public sector expenditure, subsidies to the rich. This is their task to see that this is restructured, but there are irrationalities at the international level because it was said that this part is missing. We point out that resource transfers have become negative. Last year $32 billion was transferred by the poor nations to the rich nations but this was not part of the development co-operation compact after the Second War that the poor nations will transfer resources to the rich, it was supposed to be the other way around. Surely this puts a tremendous constraint on what can be done for economic growth and for human development and we fully point this out.

COHEN: Dr. Haq, in addition to militarization which you just addressed the other threat to development -- North/South, East/West, the entire planet -- is the environmental crisis. In what way does this new development strategy address the transnational issues, the planetary issues such as global warming, pollution, etc., that seem to threaten the very existence of mankind?

HAQ: We certainly discussed environmental issues as a part of the human development strategies but we point out clearly that there is a very close link between global poverty and global environment. Many developing countries make choices which degrade the environment, like cutting down of forests, like open sewers because of compulsion, because of lack of development not because of the success of development and in many developing countries the problems of environment more concern water. Water pollution because water is life or land erosion because land is bread. They are a lot less concerned at this stage about air pollution, even though the concern is rising now because 60% of the air pollution is coming from

industrial countries and in any case when you are up against survival for today and choices for tomorrow you can be quite sure that they'll make their choices in favour of clean water and various steps to see that soil erosion is checked and only then they'll come to the other choices. So we believe that the priorities of environment have to be clearly differentiated for the developing countries and a lot of the bill for global warming and other issues should be ....

LITTLEJOHNS: Dr. Haq, I'm afraid we have to interrupt you there. That's all the time we have. Thank you for joining us on this edition of **WORLD CHRONICLE**.

Our guest has been Mahbub ul Haq, Special Advisor to the Administrator of the United Nations Development Programme. He was interviewed here at United Nations Headquarters in New York by: Paul Lewis of The New York Times; Bhaskar Menon of PTI-TV of India; and Robert Cohen of the Latin America Feature Service.

I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **WORLD CHRONICLE**.

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